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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 000498

SIPDIS

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TAGS: PREL PTER KPAL KWBG IS ISRAELI PALESTINIAN AF SUBJECT: ISRAELI MKS DISCUSS HOW TO DEAL WITH HAMAS ISRAELI PALESTINIAN AFFAIRS GOI EXTERNAL

Classified By: Ambassador Richard H. Jones; Reasons 1.4 (B) and (D).

¶1. (C) Summary and comment: During a January 30 lunch with the Ambassador, members of the Knesset representing Kadima, Likud, and Labor disagreed on the underlying reasons for the success of Hamas in the Palestinian Legislative Council (PLC) elections. Likud members blamed disengagement, while the others focused on internal Palestinian factors. The Israelis were in agreement that there can be no negotiations with Hamas at the present time, but the Kadima and Labor members indicated that a change in Hamas' position could result in dialogue. The Israeli lawmakers requested that the international community "isolate" any Palestinian Authority (PA) government controlled by Hamas. They agreed that the (PA) government controlled by Hamas. They agreed that t PLC victory is a setback for Middle East peace, but acknowledged that it also reinforces that Israel and its moderate Arab neighbors have a shared interest in fighting extremism. While the Knesset members' views represent only individual voices in Israel's famous cacophony of political discourse, they provide an important snapshot of the current internal debate on Hamas and are a clear indication of campaign themes that the three main parties will use in the March 28 Knesset election. End summary and comment.

## Israeli Politicians Ponder PLC Outcome

- 12. (C) Likud MK Uzi Landau -- a long-standing disengagement foe whose rebellion against Prime Minister Sharon presaged the party's split -- claimed that the PLC elections show that Palestinian society believes that "terror pays" and can achieve their objectives. Minister without Portfolio Tzachi Hanegbi (Kadima) contested this view, saying that Palestinians realize that terror has been unsuccessful in paralyzing Israeli society. "We won this war," he added, "that is a fact." Elie Rekhess, a Labor Party advisor, also took issue with Landau's conclusions, claiming that socio-economic and anti-corruption issues -- not just terror -- helped Hamas gain much of its support. Labor MK Matan Vilna'i agreed, saying that his time as the IDF commander in Gaza had taught him "the moment there was no hope, Hamas became strong; when people had hope, Hamas weakened." I blamed much of the hatred for Israel on the Palestinian Landau educational system, saying it had failed to adjust after Oslo. Druze MK Majallie Whbee (Kadima) agreed that the PA needs to reform the view of Israel it teaches in schools.
- $\P3$ . (C) Hanegbi cautioned that the GOI would react forcefully to any resumption of terrorism by Hamas, even if this required Israeli forces to reenter the Gaza Strip. He predicted, however, that Hamas would not resume its attacks, because the group now has something -- political power in the PA -- to lose. Vilna'i expressed similar views, even suggesting that the Hamas victory might represent an opportunity for Israel.
- $\P4$ . (C) The Ambassador asked the group whether support for Hamas would decrease if it proved unable to improve Palestinian lives over the next year. All of the Israelis thought this would be the case. Hanegbi expressed hope that Fatah would remain outside of government as an alternative. He said that younger (non-Hamas) Palestinians might then have a better chance of assuming leadership roles. Landau suggested that the international community help build support for pragmatic leaders on the local and regional levels. Vilna'i advocated GOI discussions with Palestinians "on the streets" and not just with their leaders.

## Should Israel Speak with Hamas?

- 15. (C) The Israelis were in agreement that there could be no negotiations with Hamas at the present time. Landau called it a "fallacy" to believe that dialogue would moderate Hamas. Hanegbi acknowledged the difficulty in predicting Hamas's behavior, but noted that Israel had in the past decades with Jordan, Egypt, and the PLO. Vilna'i took the argument to the next step, implying that Israel would deal with Hamas if the group changes. The Ambassador reiterated that the USG has not changed its position on Hamas.
- $\underline{\ }$ 6. (C) In response to a question by PAO on what could be done to foster a transformation within Hamas, Hanegbi urged the

this step might entail increased hardship for Palestinians — a situation that he said everyone wants to avoid — but maintained that it is the "only way to influence Hamas." Landau argued that Hamas must be "delegitimized and outlawed," and called any written agreement with the international community to isolate the PA. He admitted that and called any written agreement with the Palestinians "useless." Allowing Hamas to participate in the regional and then PLC elections had been a "mistake," he said. Vilna'i countered that Landau's strategy would only strengthen Hamas.

17. (C) Rekhess and Vilna'i expressed concern that Iran might become the PA's main source of funding if the international community chooses to withhold assistance. Hanegbi countered that while Israel cannot block all Iranian funding for terror activities, it is "not physically possible" for Iran to transfer significantly larger amounts without the GOI being able to intercede.

Hamas' Victory a Setback for Middle East Peace?

18. (C) The DCM asked whether Israelis interpret the PLC vote as a vote against Middle East peace. Hanegbi acknowledged that the PLC elections are a setback to peace because they give "a terror group a veto." He blamed Abbas for failing to confront Hamas when he had the opportunity and means at his disposal. This failure, said Hanegbi, made it impossible to implement the first phase of the roadmap. He added that the onus for movement on peace is now on the PA, a sentiment that was supported by the other Knesset members present. The Ambassador suggested that the results of the PLC election reinforce the message that Israel and its moderate Arab neighbors have a shared interest in fighting extremism. Vilna'i, Hanegbi, Whbee, and even Landau agreed.

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JONES